Evli Bank
Engineering seminar – “Europe in focus”
Stockholm – May 30, 2006
Strong market positions and global presence

- An introduction
- Alfa Laval in Europe
- Q1 – forward looking information

Mr. Thomas Thuresson
CFO
Alfa Laval Group
Alfa Laval in a nutshell

- Sales: approx SEK 17,150* million
- Employees: approx. 10,000
- 20 production units
- Sales companies in 55 countries
- Sales representation in another 45 countries

* April 1, 2005 – March 31, 2006
Sales per key technology

- Heat transfer: 48%
- Separation: 31%
- Fluid handling: 14%

Heat transfer: Market share > 30%
Separation: Market share 25–30%
Fluid handling: Market share 10%
Examples of end-users

- Process Industry
- Marine
- Pharmacy / Biotech
- Brewery
- Comfort & Refrigeration
Examples of end-users

- Food
- Environment
- Oil & gas
- Biofuels
Diversified customer base
Orders received January – December 2005

- Comfort & Refrigeration
- Parts & Service
- Life Science
- Marine & Diesel
- Fluids & Utility
- OEM
- Sanitary
- Energy & Environment
- Food
- Process Industry
- Energy & Environment
Energy and energy related industry

Orders received from energy and energy related industry

approx. 40%
Financial Targets

- Growth > 5%
- EBITA-margin 10 - 13%
- ROCE > 20%
- An introduction
- Alfa Laval in Europe
- Financial targets – dividend policy

Mr. Thomas Thuresson
CFO
Alfa Laval Group
Regional distribution of orders

Orders received January – December 2005

- Western Europe: 30%
- Asia: 29%
- North America: 15%
- Centr. & East: 8%
- Nordic: 10%
- L. America: 5%
- Other: 2%

Total Orders: 100%
Order development - Europe 2001-2006

- Europe
- Western Europe
- Eastern Europe

SEK M

2001 2002 2003 2004 2005 2006 R12
Regional distribution of orders and employees

Europe

Orders received*: SEK 9,750 million
% of Group: 48%

No of employees: 5,875
Sales divisions: 3,175
Operations division: 2,700

* April 1, 2005 – March 31, 2006
Local presence
Manufacturing locations in Europe

- Heat transfer products
- Separation products
- Fluid handling products
Cost structure – products manufactured in-house

% of COGS

- Materials & Subcontracting, 65-70%
- Direct labour, 5-8%
- Indirect salaries & wages, 5-8%
- Depreciation & facilities, 6-9%
- Repair, maintenance, 8-10%
Direct labor hours in Asia

42%
Local presence within Europe

Nordic

Orders received*: SEK 2,000 million
% of Europe: 20%
Largest segments: Sanitary, Comfort & Refrigeration
Employees: 3,100
Sales divisions: 1,400
Operations division: 1,700

* April 1, 2005 – March 31, 2006
Local presence within Europe

UK and Ireland

Orders received*: SEK 1,100 million
%
of Europe: 11 %

Largest
segments:

Process Industry,
Energy & Environment

Employees: 300
Sales divisions: 200
Operations division: 100

* April 1, 2005 – March 31, 2006
Local presence within Europe

Benelux

Orders received*: SEK 830 million
% of Europe: 8%
Largest segments: Process Industry, Sanitary
Employees (sales): 200

* April 1, 2005 – March 31, 2006
Local presence within Europe

Mid Europe

Orders received*: SEK 1,385 million
% of Europe: 14%
Largest segments: Marine & Diesel and Sanitary
Employees (sales): 250

* April 1, 2005 – March 31, 2006
Local presence within Europe

France

Orders received*: SEK 1,050 million
% of Europe: 11%
Largest segments: Energy & Environment (Oil & Gas)
Employees: 755
Sales divisions: 440
Operations division: 315

* April 1, 2005 – March 31, 2006
Local presence within Europe

Iberica

Orders received*: SEK 600 million
% of Europe: 6%
Largest segments: Food, Energy & Environment
Employees: 175
Sales divisions: 100
Operations division: 75

* April 1, 2005 – March 31, 2006
Local presence within Europe

Adriatic

Orders received*: SEK 1,150 million
% of Europe: 12%
Largest segments: OEM, Food
Employees: 550
Sales divisions: 230
Operations division: 320

* April 1, 2005 – March 31, 2006
Local presence within Europe

South East Europe

Orders received*: SEK 80 million
% of Europe: 1%
Largest segments: Marine, Process Industry
Employees (sales): 15

* April 1, 2005 – March 31, 2006
Local presence within Europe

Central Europe

Orders received*: SEK 250
% of Europe: 3%
Largest segments: OEM, Comfort & Refrigeration
Employees: 95
Sales divisions: 65
Operations division: 30

* April 1, 2005 – March 31, 2006
Local presence within Europe

Poland & Baltic states

Orders received*: SEK 260 million
% of Europe: 3%
Largest segments: Sanitary, Comfort & Refrigeration
Employees: 150
Sales divisions: 70
Operations division: 80

* April 1, 2005 – March 31, 2006
Local presence within Europe

Romania

Orders received*: SEK 50 million
% of Europe: 0.5%
Largest segments: Marine, Comfort & Refrigeration
Employees (sales): 15

* April 1, 2005 – March 31, 2006
Local presence within Europe

Turkey, Azerbaijan, Armenia, & Georgia

Orders received*: SEK 215 million
% of Europe: 2%
Largest segments: Marine, Process Industry
Employees (sales): 35

* April 1, 2005 – March 31, 2006
Local presence within Europe

Ukraine & Moldova

Orders received*: SEK 230 million
% of Europe: 2%
Largest segments: Food
Employees (sales): 10

* April 1, 2005 – March 31, 2006
Local presence within Europe

Russia

Orders received*: SEK 720 million
% of Europe: 7%
Largest segments: Food, Comfort & Refrigeration
Employees: 250
Sales divisions: 135
Operations division: 115

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Order backlog as per March 31

For delivery in the current year

<table>
<thead>
<tr>
<th>Year</th>
<th>SEK million</th>
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<tbody>
<tr>
<td>2004</td>
<td>4,840</td>
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<tr>
<td>2005</td>
<td>5,837</td>
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<tr>
<td>2006</td>
<td>6,700</td>
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Gross profit margin

In percent of sales

Seasonality!

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Gross profit margin</th>
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<tbody>
<tr>
<td>Q1 03</td>
<td>40.0</td>
</tr>
<tr>
<td>Q2 03</td>
<td>39.0</td>
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<td>Q3 03</td>
<td>37.0</td>
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<td>Q4 03</td>
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<td>Q3 06</td>
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<td>Q4 06</td>
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Outlook for the near future after Q1

“In most of the markets, geographical as well as customer segments, that Alfa Laval serves a continued very strong demand is expected.”
Six-year development

Orders received

Net sales

Adj EBITA-margin

SEK M

Target range

%
Local presence within Europe

Israel

Orders received*: SEK 45 million
% of Europe: 0.5%
Largest segments: Energy & Environment
Employees (sales): 5

* April 1, 2005 – March 31, 2006
Macro considerations for Europe

- Labour legislation
- Education
- Cost
- Logistics / Transportation
- Environment
- Time
- Cost
- Taxation